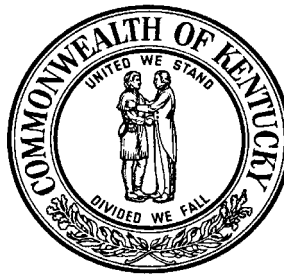


**REPORT OF THE AUDIT OF THE  
JESSAMINE COUNTY  
SHERIFF'S SETTLEMENT - 2002 TAXES**

**June 17, 2003**



**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable William Cassity, Jessamine County Judge/Executive  
Honorable Joe Walker, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

The enclosed report prepared by Ross & Company, PLLC, Certified Public Accountants, presents the Jessamine County Sheriff's Settlement - 2002 Taxes as of June 17, 2003.

We engaged Ross & Company, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Ross & Company, PLLC, evaluated the Jessamine County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Enclosure





**REPORT OF THE AUDIT OF THE  
JESSAMINE COUNTY  
SHERIFF'S SETTLEMENT - 2002 TAXES**

**June 17, 2003**

**ROSS & COMPANY, PLLC**  
**Certified Public Accountants**  
800 Envoy Circle  
Louisville, KY 40299  
Telephone (502) 499-9088  
Facsimile (502) 499-9132



**EXECUTIVE SUMMARY**

**AUDIT EXAMINATION OF THE  
JESSAMINE COUNTY  
SHERIFF'S SETTLEMENT - 2002 TAXES**

**June 17, 2003**

Ross & Company, PLLC has completed the audit of the Sheriff's Settlement - 2002 Taxes for Jessamine County Sheriff as of June 17, 2003. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected taxes of \$16,866,197 for the districts for 2002 taxes, retaining commissions of \$409,369 to operate the Sheriff's office. The Sheriff distributed taxes of \$16,451,484 to the districts for 2002 Taxes.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.





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To the People of Kentucky

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Finance and Administration Cabinet

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Honorable William Cassity, Jessamine County Judge/Executive

Honorable Joe Walker, Jessamine County Sheriff

Members of the Jessamine County Fiscal Court

Independent Auditor's Report

We have audited the Jessamine County Sheriff's Settlement - 2002 Taxes as of June 17, 2003. This tax settlement is the responsibility of the Jessamine County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Jessamine County Sheriff's taxes charged, credited, and paid as of June 17, 2003, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable William Cassity, Jessamine County Judge/Executive  
Honorable Joe Walker, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2003, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross & Company".

Ross & Company, PLLC

Audit fieldwork completed -  
October 13, 2003

JESSAMINE COUNTY  
JOE WALKER, COUNTY SHERIFF  
SHERIFF'S SETTLEMENT - 2002 TAXES

June 17, 2003

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 1,215,009	\$ 1,682,975	\$ 9,612,866	\$ 2,412,150
Tangible Personal Property	104,956	134,193	627,335	472,137
Intangible Personal Property				150,926
Increases Through Exonerations	477	462	3,770	1,345
Franchise Corporation	76,922	105,398	502,710	
Distilled Spirits Taxes	15,534	23,438	92,856	
Additional Billings	155	157	1,133	238
Supplemental Bills	4,976	4,760	38,582	9,808
Limestone, Sand, and Mineral Reserves	307	497	2,429	610
Bank Franchises	49,493			
Penalties	7,010	9,082	54,840	15,419
Adjusted to Sheriff's Receipt	7	5	7	8
Gross Chargeable to Sheriff	<u>\$ 1,474,846</u>	<u>\$ 1,960,967</u>	<u>\$ 10,936,528</u>	<u>\$ 3,062,641</u>
<u>Credits</u>				
Exonerations	\$ 2,244	\$ 2,906	\$ 16,178	\$ 3,523
Discounts	22,851	30,258	168,871	50,062
Delinquents:				
Real Estate	19,837	24,695	156,945	39,382
Tangible Personal Property	2,110	2,266	12,611	5,641
Intangible Personal Property				460
Uncollected Franchise	998	940	6,007	
Total Credits	<u>\$ 48,040</u>	<u>\$ 61,065</u>	<u>\$ 360,612</u>	<u>\$ 99,068</u>
Taxes Collected	\$ 1,426,806	\$ 1,899,902	\$ 10,575,916	\$ 2,963,573
Less: Commissions *	<u>60,927</u>	<u>63,564</u>	<u>158,639</u>	<u>126,239</u>
Taxes Due	\$ 1,365,879	\$ 1,836,338	\$ 10,417,277	\$ 2,837,334
Taxes Paid	1,365,425	1,835,800	10,413,785	2,836,475
Refunds (Current and Prior Year)	<u>454</u>	<u>538</u>	<u>3,492</u>	<u>859</u>
Due Districts or (Refunds Due Sheriff) as of Completion of Fieldwork	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

\* See Page 4.

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY  
JOE WALKER, COUNTY SHERIFF  
SHERIFF'S SETTLEMENT - 2002 TAXES  
June 17, 2003  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	5,751,610
1.5% on	\$	10,575,916
1% on	\$	528,671

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT

June 17, 2003

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 17, 2003, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
June 17, 2003  
(Continued)

Note 3. Tax Collection Period

Property Taxes

The real and personal property tax assessments were levied as of January 1, 2002. Property taxes were billed to finance governmental services for the year ended June 30, 2003. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 14, 2002 through April 18, 2003.

Note 4. Interest Income

The Jessamine County Sheriff earned \$6,747 as interest income on 2002 taxes. As of October 13, 2003, the Sheriff owes \$18 in interest to the school district and is due \$18 in interest from his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Jessamine County Sheriff collected \$68,731 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Jessamine County Sheriff collected \$666 of advertising costs and \$3,240 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees will be used to operate the Sheriff's office.

Note 7. Unrefundable Duplicate Payments And Unexplained Receipts Should Be Escrowed

The Sheriff should deposit any unrefundable duplicate payments and unexplained receipts in an interest-bearing account. According to KRS 393.110, the Sheriff should properly report annually to the Treasury Department any unclaimed moneys. After seven years, if the funds have not been claimed, the funds should be submitted to the Kentucky State Treasurer. For the 2002 taxes, the Sheriff had \$3,625 in unrefundable duplicate payments and unexplained receipts. Therefore, the Sheriff should send a written report to the Treasury Department.



REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Honorable Joe Walker, Jessamine County Sheriff

Members of the Jessamine County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Jessamine County Sheriff's Settlement - 2002 Taxes as of June 17, 2003, and have issued our report thereon dated October 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jessamine County Sheriff's Settlement - 2002 Taxes as of June 17, 2003 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jessamine County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Ross & Company, PLLC

Audit fieldwork completed -  
October 13, 2003

